

Full Cost Decision Memorandum: Contractor workforce planning (WF-16)

Issue:

How are contractors planned and managed?

Source / reference:

LaRC Full Cost Implementation Team (2003-2004)
LaRC Office of the Chief Financial Officer (OCFO)

Background:

LaRC has a large contractor workforce supporting the Agency mission. Some of the contractors are on-site at the Center, others occupy office space near the Center, and still others work in remote locations. In all cases, the salary and benefit costs associated with the contractor workforce is included in the procurement costs to projects. However, in many instances the contractors “consume” LaRC services such as Facility and Related Services (F&RS) and Information Technology Services (ITS). In a full cost environment these costs must be properly accounted for and charged to benefiting projects.

Options:

1. Follow existing business rules where organizations include support services for contract personnel as part of the organizational cost. In that regard, the sponsoring organization owns the support/institutional cost for the contractor personnel. In the case of the Science & Engineering (S&E) Service Activity, these costs can be charged to projects using the contractor services. When contractors support other activities, such as wind tunnels, the entire costs should be charged in the service rates.
2. Change existing business rules.

Decision:

Option 1 - Organizations should include support services required by their contract personnel in the rates of the organization/service. In the case of the S&E services, these costs are charged to projects utilizing the contractor personnel. Likewise, direct contractors should be planned in the Workforce Integrated Management System (WIMS) during the budget planning process to ensure associated support costs are charged to benefiting projects. When contractors support other activities/services, such as wind tunnels, the contractor costs should be included in the service rates charged to project customers.

Approved by LaRC CFO (Ken Winter) 3/29/04
